UNITED NATIONS

A

General Assembly

Distr.
GENERAL

A/48/502
19 October 1993

ORIGINAL: ENGLISH

Forty-eighth session
Agenda item 123

# PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1994-1995

## Institutional and administrative arrangements governing the integration of UNDP/OPS in the Department for Development Support and Management Services

## Report of the Secretary-General

CONTENTS


| | | Paragraphs | Page |
|---|---|---|---|
| I. | INTRODUCTION | 1 - 5 | 3 |
| II. | ARRANGEMENTS FOR UNITED NATIONS/OPS TO HAVE THE MAXIMUM POSSIBLE DEGREE OF AUTONOMY | 6 - 17 | 4 |
| III. | COLLABORATION WITH UNDP AND ITS RESIDENT REPRESENTATIVES IN THE FIELD | 18 - 22 | 7 |
| IV. | DEVELOPMENT OF UNITED NATIONS/OPS COLLABORATION WITH OTHER PARTS OF THE UNITED NATIONS SYSTEM, INCLUDING, IN PARTICULAR, WITH THE SPECIALIZED AGENCIES | 23 | 8 |
| V. | ADOPTION OF ADEQUATE PERSONNEL ADMINISTRATION ARRANGEMENTS FOR UNITED NATIONS/OPS | 24 - 46 | 8 |
| VI. | IMPLEMENTATION OF THE SELF-FINANCING PRINCIPLE; THE ESTABLISHMENT OF THE OPS RESERVE FUND, INCLUDING FOR UNDP LIABILITY | 47 - 50 | 12 |
| VII. | ARRANGEMENTS FOR THE PROVISION OF CENTRAL SERVICES TO UNITED NATIONS/OPS | 51 | 13 |

CONTENTS (continued)


| | | Paragraphs | Page |
|---|---|---|---|
| VIII. | RULES OF PROCUREMENT FOR UNITED NATIONS/OPS THAT MATCH OR IMPROVE ITS CURRENT ARRANGEMENTS ..... | 52 - 57 | 13 |
| IX. | AUTHORITY TO NEGOTIATE AND CONCLUDE AGREEMENTS FOR ITS SERVICES WITH RECIPIENT GOVERNMENTS, UNITED NATIONS DEPARTMENTS, UNDP, BILATERAL DONORS AND INTERNATIONAL FINANCING INSTITUTIONS ..... | 58 | 14 |
| X. | INTEGRATION OF IMPLEMENTATION FUNCTIONS ..... | 59 - 61 | 14 |

# I. INTRODUCTION

1. In its resolution 47/212 B of 6 May 1993, the General Assembly endorsed the United Nations programme budget revised estimates (A/C.5/47/88), including the Secretary-General's proposal to establish the Office for Project Services (OPS) as a distinct, semi-autonomous entity located in the new Department for Development Support and Management Services (DDSMS). In that resolution the Assembly noted that the modalities, including relevant financial aspects, for the integration of UNDP/OPS into DDSMS would first be considered by the Governing Council of the United Nations Development Programme (UNDP) and subsequently by the Assembly in the light of a report of the Secretary-General on the work of the task force mentioned in his report (A/C.5/47/88). The OPS task force - chaired by the Under-Secretary-General, DDSMS, and including representatives of UNDP, UNDP/OPS, the Executive Office of the Secretary-General and the Department of Administration and Management and the Office of Legal Affairs of the Secretariat - was established to review the procedures to be put in place for the transfer of UNDP/OPS, in the light of a number of conditions enumerated in the budget estimate document relating to the preservation and strengthening of the operational efficiency of UNDP/OPS.

2. The Task Force and its Working Groups in the areas of personnel, finance, procurement and governance met during the first half of 1993 to study modalities for the proposed move, concluding its work with a report submitted to the Secretary-General on 21 May, which was subsequently approved by him.

3. The approved report was submitted by the Secretary-General to the Governing Council (DP/1993/70) and subsequently accepted by it in its decision 93/42, subject to certain requirements and requests for clarifications and reports. In paragraphs 5 (a) to (h) of that decision, the Council requested the following clarifications and solutions to be provided in time for review in an informal session of the Governing Council and by the General Assembly, taking into account the views of the Advisory Committee on Administrative and Budgetary Questions:

(a) Arrangements for United Nations/OPS to have the maximum possible degree of autonomy;

(b) Collaboration arrangements with UNDP and its resident representatives in the Field;

(c) Arrangements to develop United Nations/OPS collaboration with other parts of the United Nations system, including, in particular, with the specialized agencies;

(d) Adoption of adequate personnel administration arrangements for United Nations/OPS;

(e) Arrangements to implement the self-financing principle and establish a reserve fund;

(f) Cost-effective arrangements for the provision of central support services to United Nations/OPS;

(g) Development of rules for procurement for United Nations/OPS that match or improve its current arrangements;

(h) Delegation of authority to United Nations/OPS to negotiate and conclude agreements for its services with recipient Governments, United Nations departments, UNDP, bilateral donors and international financing institutions.

4. The Governing Council requested, in particular, that detailed information on item (d) relating to personnel arrangements be reported on by 1 September 1993. The present document also addresses that specific request of the Council. In addition, the Council requested the Secretary-General to report to it at its forty-first session (1994) on steps taken to integrate functions and to eliminate duplication between DDSMS and United Nations/OPS.

5. For convenience of review in relation to the enumerated concerns of the Governing Council, the text of the present document is organized in keeping with paragraphs 5 (a) to (h) of Council decision 93/42.

## II. ARRANGEMENTS FOR UNITED NATIONS/OPS TO HAVE THE MAXIMUM POSSIBLE DEGREE OF AUTONOMY

6. The degree of autonomy to be enjoyed by United Nations/OPS will be reflected in the preservation of its "brand name" and will be a function of its distinct mandate and specific functions within the Department; its separate governance and institutional arrangements, endorsed by the Governing Council and the Secretary-General; and the specific financial, procurement and personnel authorities vested directly in it through a Secretary-General's bulletin to be issued following action of the General Assembly and prior to 1 January 1994, the target date for the transfer of UNDP/OPS to the United Nations.

7. The mandate of the new Office will be the following:

> The Office for Project Services, a distinct, semi-autonomous and self-financing entity will provide management services and implementation functions for development projects and programmes.

8. Its principal functions will be:

(a) To provide direct support services and assume implementation responsibilities in the context of national execution for programmes/projects for the building or strengthening of national capacities to plan, manage and implement development policies, programmes and projects;

(b) To provide management services and assume implementation responsibilities (including administrative and operational services) in relation to national programmes and projects for which the United Nations is the executing agency, especially those of a multisectoral nature, until such time as Governments are prepared to take over those responsibilities;

(c) To assume implementation responsibilities for and/or provide management services for projects and programmes financed by multilateral

institutions and bilateral donors at the global, regional and national levels, at the request of or in consultation with recipient Governments, as appropriate.

9. Governance of the Office will rest with the Governing Council of UNDP under the oversight of the Economic and Social Council and the General Assembly. In his function as Chairman of the Management Board of the Office and on behalf of the Secretary-General, the Under-Secretary-General, DDSMS, will report on the operations of OPS to the Governing Council and submit for its approval a proposed biennial budget for the Office, prior to its consideration by the General Assembly in the context of the United Nations programme budget. The Advisory Committee on Administrative and Budgetary Questions will submit comments and recommendations on the OPS budget to the Governing Council of UNDP prior to the Council's review and approval. The General Assembly will consider, as an extrabudgetary item, the budget approved by the Council when it reviews the regular budget of DDSMS.

10. To better serve the interests of the United Nations as a whole and those of donor and recipient countries, an OPS Management Board will be established with responsibility for ensuring that the mandate of the Office and the directives of the Governing Council and the General Assembly are translated into operational and practical measures. The OPS Management Board will have the following terms of reference:

> The Board will assist the Secretary-General in providing policy and management direction in the functioning of the Office for Project Services of the Secretariat, bearing in mind the specific mandate of the Office and the role of the Governing Council of UNDP. The Board, to be chaired by the Under-Secretary-General, DDSMS, who will report to the Governing Council of UNDP and the General Assembly on behalf of the Secretary-General, will include the Administrator of UNDP and the Under-Secretary-General, DAM. The Secretary of the Board will be the Assistant Secretary-General, Executive Director of United Nations/OPS. The Board of OPS will officially come into being on 1 January 1994.

The functions of the Board will include:

(a) Ensuring the implementation of the mandate of United Nations/OPS;

(b) Maintaining and strengthening the functioning of United Nations/OPS;

(c) Ensuring the appropriateness of rules and procedures for the operations of United Nations/OPS;

(d) Reviewing the biennial programme and budget of United Nations/OPS and related submissions to the Governing Council of UNDP, the General Assembly and other bodies;

(e) Approving requests from the Executive Director of United Nations/OPS for the establishment, within available income, of additional posts below D-1 to be incorporated in subsequent budget submissions;

(f) Ensuring the efficiency of the management, administrative and operational support provided by United Nations/OPS to users of its services;

(g) Guiding the relations of United Nations/OPS with recipient Governments, United Nations departments, UNDP, field offices, other United Nations agencies, bilateral donors and international financing institutions;

(h) Reviewing and evaluating the performance and effectiveness of United Nations/OPS;

(i) Ensuring that adequate central administrative support services are provided to United Nations/OPS.

11. United Nations/OPS will function under the overall supervision of the Under-Secretary-General, DDSMS, and Chairman of the OPS Management Board. However, a number of basic authorities - key to establishing the degree of autonomy and ensuring the efficient operation of United Nations/OPS - in the areas of finance, personnel and procurement will be vested directly in United Nations/OPS and incorporated in the Secretary-General's bulletin described above.

12. In the area of finance, the Financial Regulations and Rules of the United Nations will apply to the activities and operations of United Nations/OPS unless otherwise specified. To ensure maximum autonomy and effectiveness, a number of basic authorities in the area of finance will be delegated to United Nations/OPS by the Controller.

13. All United Nations/OPS income will be kept in a separate account (the "OPS Account") to be established by the Secretary-General in accordance with the Financial Regulations of the United Nations. The funds in the OPS Account, including all unspent and unobligated income from support costs and fees charged by OPS, will be held and administered solely for the purposes and activities of the Office. The account will be established drawing from unspent income that has accrued to United Nations/OPS and DDSMS up till 31 December 1993, according to applicable UNDP and United Nations regulations governing the use of such income.

14. On the basis of the budget approved by the Governing Council, the Controller will issue allotments and authorize staffing tables for the administrative budget of the Office. The latter will have the authority to administer these allotments and staffing tables. Between sessions of the Governing Council, United Nations/OPS, through the Management Board, will have the authority to establish or eliminate posts below the level of D-1 subject to ex post facto approval of the Governing Council. Revised staffing tables will be issued accordingly.

15. With respect to certifying and approving authority, United Nations/OPS will have at least the same arrangements it currently enjoys within UNDP. This means that, at headquarters, financial transactions of the Office will continue to be certified and approved by its officers. Those officers will be designated by the Controller on the recommendation of the Executive Director of United Nations/OPS. All other financial transactions, including payments, will continue to be processed (including data entry) by United Nations/OPS, with UNDP or the United Nations providing treasury services. All financial statements will be prepared by United Nations/OPS for consolidation into the United Nations financial statements.

16. Project imprest accounts will be opened by the UNDP Treasurer or United Nations Controller on receipt of requests from United Nations/OPS. In line with current practice within UNDP, the United Nations Controller will delegate to the Executive Director of United Nations/OPS the authority to designate certifying and approving officers for imprest accounts. United Nations/OPS will also have the authority to issue allotments in respect of project budgets.

17. Within the context of the development of IMIS, United Nations/OPS will avail itself of information systems most suitable for the management of programmes and projects and the control of project funds with a view to ensuring rapid delivery of service. All enhancement or expansion of United Nations/OPS management information systems will take place in the context of IMIS development.

## III. COLLABORATION WITH UNDP AND ITS RESIDENT REPRESENTATIVES IN THE FIELD

18. Collaboration between UNDP and the Office for Project Services will be ensured at the policy and operations level through the OPS Management Board, where UNDP is represented by its Administrator.

19. Resident representatives will serve as representatives of United Nations/OPS in the field, as they have in the past. Present arrangements between UNDP/OPS and UNDP field offices, under which UNDP/OPS entrusts to the latter selected project implementation functions in the areas of purchasing, personnel and contracting, will be preserved.

20. In addition, in line with Governing Council decision 93/7 (in particular paragraph (d)) and in accordance with the conditions set forth in the Secretary-General's revised budget estimates (A/C.5/47/88) for the transfer of UNDP/OPS, decentralization already begun in the Office for Project Services - based on functions review and cost analysis - will continue in order to ensure that operational management and services of the new entity are as close to the beneficiaries/clients as the requirements for effective performance allow. The UNDP/OPS decentralization strategy, under way since mid-1992, foresees further and significant decentralization of implementation functions from United Nations/OPS headquarters to the field level.

21. The existing arrangements between UNDP and UNDP/OPS for the reimbursement to field offices for implementation activities related to projects funded under management services agreements and cost-sharing arrangements will continue. However, for core UNDP funds (indicative planning figures and special programme resources), reimbursement arrangements are still to be worked out between UNDP and United Nations/OPS, following the same principles for all projects in which substantial implementation-related tasks are requested from field offices (see DP/1993/45, para. 182, and Governing Council decision 93/42, para. 5 (b)).

22. Resident representatives will continue to monitor and report on the performance of United Nations/OPS to the UNDP Administrator and the Under-Secretary-General, DDSMS, and Chairman of the OPS Management Board.

## IV. DEVELOPMENT OF UNITED NATIONS/OPS COLLABORATION WITH OTHER PARTS OF THE UNITED NATIONS SYSTEM, INCLUDING, IN PARTICULAR, WITH THE SPECIALIZED AGENCIES

23. As requested by the Governing Council in its decision 93/42, United Nations/OPS will develop strengthened collaboration with other parts of the United Nations system, through consultations and agreements, in particular with the specialized agencies. Upon request by United Nations departments, other entities and agencies, the Office will be available to provide impartial and cost-effective implementation services. Also, when obtaining necessary technical support for its activities, it will give preferential treatment to the other parts of the United Nations system, including, in particular, the specialized agencies, bearing in mind their mandates and capabilities, and the needs of individual projects and programmes. In these ways, the Office will seek to build upon existing arrangements with a view to promoting a more coordinated approach to development by the United Nations system.

## V. ADOPTION OF ADEQUATE PERSONNEL ADMINISTRATION ARRANGEMENTS FOR UNITED NATIONS/OPS

### A. Basic principles

24. Consistent with the spirit of the decisions of the Governing Council, the United Nations and UNDP secretariats will make every effort to ensure the maintenance of the effectiveness of the new Office for Project Services through responsive handling of the concerns of all staff.

25. Following the merger with the United Nations, UNDP staff currently serving with UNDP/OPS will be regarded as having been either transferred or on special secondment, to the United Nations. With the exception of those considered to be on special secondment as outlined in paragraph 26 below, all UNDP appointments will be regarded as having been superseded as at 1 January 1994, after consultation with all three parties, by United Nations appointments in a manner that preserves the staff member's contractual status and acquired rights as indicated below:

(a) Those who hold permanent appointments with UNDP will receive permanent appointments with the United Nations;

(b) Those who hold fixed-term appointments with UNDP, including those currently on secondment to UNDP from other organizations, will receive fixed-term appointments with the United Nations for a period not less than the unexpired portion of their UNDP appointments.

26. Subject to satisfactory financial mechanisms to cover UNDP liabilities that may arise in this connection, a certain number of Professional staff who are mobile in terms of UNDP assignments will retain their UNDP appointments but, after consultation with all three parties, will be on special secondment to the United Nations as at 1 January 1994.

## B. Arrangements common to both Professional and General Service staff

### Post classification

27. Both the United Nations and UNDP apply the International Civil Service Commission (ICSC) common classification standards applicable to Professional and General Service posts. Although now to be administered by the United Nations, the classification procedures will remain the same.

### Seniority

28. UNDP staff converted to United Nations appointments will retain their seniority and accrued benefits and entitlements.

### Training

29. As per current practice, all staff of the Office will be eligible for United Nations and UNDP training courses as well as the Educational Assistance Programme of UNDP. The Office will reimburse the United Nations or UNDP as appropriate.

### Programme for Staff Assistance

30. As is current practice, all OPS staff will have access to the UNDP Programme for Staff Assistance. OPS will reimburse UNDP, on a pro rata basis, for this access.

### Staff currently on secondment to UNDP/OPS from other agencies

31. Arrangements will be made so that staff currently on secondment to UNDP/OPS from other organizational entities will have their secondments transferred to the United Nations by the releasing organization, in accordance with the Inter-organization Agreement concerning Transfer, Secondment or Loan of Staff Among the Organizations Applying the United Nations Common System of Salaries and Allowances.

### Carry over commitments

32. Decisions of the UNDP Administrator affecting UNDP/OPS staff, coming into effect in 1994 but arising out of the 1993 performance/work-plan year, will be recognized by the new Office, including promotions, reassignment scheduling and contract renewals.

### Staff/management relations

33. Following the merger, OPS staff will be represented by the United Nations Staff Union, which, under chapter VIII of the Staff Rules, is the sole and exclusive representative body. The Staff Union is a member of the Coordinating Committee for Independent Staff Unions and Associations of the United Nations System for the purpose of representing staff interests in inter-organizational bodies such as the Administrative Committee on Coordination, the Consultative Committee on Administrative Questions and ICSC.

## C. General Service staff issues

### Special post allowance

34. All OPS General Service staff assigned to a post graded at a higher level than their own personal grade will be eligible for special post allowance under the United Nations Staff Rules.

### G to P examinations

35. All OPS General Service staff will have the same eligibility as all other United Nations staff to sit for the G to P competitive examination.

### Access to UNDP

36. All OPS General Service staff may apply for vacancies within UNDP and be considered, consistent with existing arrangements.

### Appointment and promotion mechanism

37. The appointment and promotion mechanism for all OPS General Service staff will be the same as that for all United Nations General Service staff.

### Performance appraisal

38. In order to ensure that OPS General Service staff are eligible for vacancies on an equal footing with all other United Nations staff, their performance will be evaluated using the United Nations performance evaluation review system. OPS may utilize the UNDP performance appraisal review system as a management tool.

## D. Professional staff issues

### Special secondment 1/

39. Following the decisions of the Governing Council, which, inter alia, called for appropriate arrangements to maintain the present rotation mechanism with UNDP, and subject to satisfactory financial mechanisms to cover UNDP liabilities that may arise in this connection, the following provisions will apply with respect to UNDP staff on special secondment to the United Nations as at 1 January 1994:

(a) In order to ensure a continuous infusion of field experience into United Nations/OPS, only Professional staff who are mobile with regard to UNDP assignments would be eligible to have the option to be considered for special secondment to OPS while maintaining their UNDP contracts. It is anticipated that at the time of the merger approximately 50 staff will fall into this category;

(b) During the period of special secondment to OPS, the staff members will retain their existing UNDP appointment and be offered a fixed-term appointment with the United Nations for the agreed period of special secondment. During the

special secondment, the staff members will be subject to the Staff Regulations, Staff Rules and practices of the United Nations;

(c) Upon the expiry of the special secondment, any financial liability that may occur as the result of this arrangement will be covered by a special reserve fund established for this purpose, as outlined in paragraph 50;

(d) In the context of the UNDP annual reassignment exercise, UNDP staff will be able to apply for vacancies in OPS and, if selected, be seconded.

40. In keeping with UNDP provisions, whereby headquarters assignments are for four to six years, approximately 10 staff members on special secondment to OPS will be expected to return to UNDP each year and will to this effect receive the UNDP compendium of vacancies. A staggered and continuous rotation will also protect OPS from rapid turnover and loss of experienced staff.

41. All Professional staff of OPS who are not on special secondment from UNDP and who wish to apply will also be considered for vacancies with UNDP on secondment from the United Nations.

Transfers

42. Since UNDP/OPS staff who will transfer to the United Nations had joined UNDP with the expectation of broad career opportunities within UNDP, these staff members will be issued, as an exceptional and one-time action, contracts not limited to United Nations/OPS. As a result, they would be considered internal candidates for vacancies in the United Nations.

Administration

43. After the effective date of the merger, the OPS staff will be administered by the United Nations with delegation of authority to the Office similar to that enjoyed by other voluntarily funded operational entities within the United Nations system.

Appointment and promotion mechanism

44. As a semi-autonomous, self-financing entity, OPS may consider establishing under delegated authority its own appointment and promotion mechanisms for Professional staff whose contracts are limited to the Office.

Performance appraisal

45. Until a new United Nations evaluation/appraisal system is developed, the existing arrangements as currently applicable will apply to staff from UNDP/OPS and DDSMS, respectively. OPS may utilize the UNDP performance appraisal review mechanism as a management tool.

## E. Project personnel services

46. In project personnel matters, OPS will continue to perform the following tasks:

(a) Recruitment and administration of international project staff in the field (under the 200 series Staff Rules and under short-term appointment arrangements currently being developed);

(b) Authorization of resident representatives to recruit and administer local staff and national professional project personnel;

(c) Engaging the services of international short-term consultants.

## VI. IMPLEMENTATION OF THE SELF-FINANCING PRINCIPLE; THE ESTABLISHMENT OF THE OPS RESERVE FUND, INCLUDING FOR UNDP LIABILITY

47. OPS will be a self-financing entity with its operations and activities funded from the OPS Account, without cost being incurred for the regular budget of the United Nations or for that of UNDP. As a self-financing service organization that must respond to changing demands from its partners (recipient Governments, United Nations departments, UNDP, field offices, other United Nations specialized agencies, bilateral donors and international financing institutions), OPS will be able, with guidance from the OPS Management Board, to adapt its operational policies and invest and disinvest in itself according to the demand for its services and the income they generate.

48. In order to provide for satisfaction, if necessary, of OPS liabilities related to all its staff, and other contingencies that the Office, as a self-financing organization, may have to meet in the future, such as write-offs, ex gratia payments and so on, OPS will establish the necessary reserve funds, which will be created from resources available to UNDP/OPS and DDSMS.

49. Bearing in mind the estimated assets, liabilities and unspent income of OPS as at 1 January 1994, the OPS Management Board will submit a proposal to the Governing Council as regards the size of the OPS Reserve Funds and the modalities for their establishment and maintenance.

50. While the agreement to second UNDP Professional staff to OPS is in line with the decisions of the Governing Council, UNDP is by no means to bear any costs related to this agreement, and therefore has to protect itself against any possible liability. Therefore, under Governing Council authority, an amount shall be earmarked from UNDP/OPS resources prior to 1 January 1994 to cover possible termination or transitory costs, which otherwise might be attributable to UNDP, in respect of staff on special secondment from UNDP to OPS on 1 January 1994. The amount earmarked, to be held in the appropriate OPS Reserve Fund, will not exceed 50 per cent of the potential liability and OPS will be responsible for maintaining the earmark at the decided level. As UNDP exposure diminishes, the size of the earmark will be reduced proportionately. When the need for an earmark no longer exists, it will be lifted and those resources freed for other purposes in the appropriate OPS Reserve Fund.

## VII. ARRANGEMENTS FOR THE PROVISION OF CENTRAL SERVICES TO UNITED NATIONS/OPS

51. The OPS Management Board will ensure that OPS utilizes the most cost-effective central services, including those of the United Nations Secretariat and UNDP.

## VIII. RULES OF PROCUREMENT FOR UNITED NATIONS/OPS THAT MATCH OR IMPROVE ITS CURRENT ARRANGEMENTS

52. The Under-Secretary-General, DDSMS, will be responsible for procurement functions of United Nations/OPS. The Executive Director, OPS, will have authority at least equivalent to that which he currently has under delegation from the Assistant Administrator, Bureau for Finance and Administration, UNDP.

53. In this regard, in paragraph 5 (g) of its decision 93/42, the Governing Council stressed that the Office for Project Services, after its transfer to the United Nations, must retain and improve further its present rules of procurement. In his report to the Governing Council (DP/1993/70), the Secretary-General stated that, in order to achieve this goal, certain basic authorities would be granted to the new Office as follows:

(a) The Financial Regulations and Rules of the United Nations will apply to OPS activities and financial operations;

(b) To the extent they do not already exist in the United Nations, provisions equivalent to articles VI, XIV, XVI and XVII of the UNDP Financial Regulations and Rules will be promulgated by the United Nations to apply to the activities and operations of OPS;

(c) Until such time as such a promulgation takes place, the above articles will apply mutatis mutandis;

(d) The Executive Director of OPS will have the authority to establish project procurement procedures, with the advice and consent of the OPS Management Board;

(e) Procurement under the OPS administrative budget will be under the United Nations Financial Rules and its Committee on Contracts. Broad delegation of authority, however, will be granted to the Office in order to respond rapidly to the needs of its business.

54. In addition, the Secretary-General indicated that, if necessary, special financial regulations and rules might be established to take account of the special requirements of the Office, in the light of experience and after consultation with the OPS Management Board, subject, as appropriate, to review by the Advisory Committee for Administrative and Budgetary Questions.

55. Prior to the transfer of UNDP/OPS to the United Nations on 1 January 1994, the Secretary-General intends to approve or, if appropriate, obtain the approval of the provisions referred to in paragraph 53 (b) above.

56. The United Nations will issue a Secretary-General's bulletin incorporating the basic authorities and provisions referred to above which may also include, based upon the OPS Management Board's review of UNDP/OPS procurement practices and needs, additional provisions such as the creation of a discrete project contracts committee or panel dedicated to OPS matters.

57. In the light of further experience, the OPS Management Board will, after OPS is transferred to the United Nations, consider whether additional changes might be required, such as higher financial thresholds for OPS.

## IX. AUTHORITY TO NEGOTIATE AND CONCLUDE AGREEMENTS FOR ITS SERVICES WITH RECIPIENT GOVERNMENTS, UNITED NATIONS DEPARTMENTS, UNDP, BILATERAL DONORS AND INTERNATIONAL FINANCING INSTITUTIONS

58. OPS will have the authority to negotiate and conclude agreements - including management services agreements, inter-agency letters of agreement, letters of understanding and so on - for its services with recipient Governments, United Nations departments, UNDP, bilateral donors and international financing institutions, in line with UNDP's role as specified in paragraph 6 of decision 93/42, which supports the continuing role to be played by UNDP in the development of, and as signatory to, management services agreements as specified in paragraph 7 of the report of the Administrator (DP/1993/20).

## X. INTEGRATION OF IMPLEMENTATION FUNCTIONS

59. A detailed report on this subject will be submitted to the Governing Council of UNDP at its forty-first session (1994), as requested in paragraph 4 of its decision 93/42. The integration process, once completed, will ensure that all duplication of functions is eliminated by transferring those functions in their entirety to OPS. At United Nations Headquarters, therefore, no other department in the economic and social sector will carry out implementation functions or maintain separate implementing capabilities. The transfer of those functions to OPS will be accompanied by the transfer of the necessary resources.

60. The strengths of the two organizations will be combined to create a new and stronger entity. The similar functions of the present DDSMS relating to implementation and management services will be integrated and harmonized at a non-disruptive pace with those of the existing structure of OPS, with the aim of eliminating duplication and realizing, on the basis of the self-financing principle, the considerable potential for economies inherent in such integration. The integration of functions should result eventually in savings through economies of scale and the elimination of redundancies. It is also expected that all staff of the new Office for Project Services will be physically located on the premises currently housing UNDP/OPS.

61. The OPS Management Board will establish a working group to draw up the detailed plans for the integration, including an assessment of the impact of the functional integration on both the Professional and General Service staff of DDSMS and UNDP/OPS to serve in the new Office.

Notes

1/ The Inter-organization Agreement concerning Transfer, Secondment or Loan of Staff Among the Organizations Applying the United Nations Common System of Salaries and Allowances will apply to special secondment unless otherwise stipulated among the parties concerned.

---